

June 6, 2003

HAND DELIVER

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, Massachusetts 02110

Re: The Berkshire Gas Company, D.T.E. 02-19

Dear Secretary Cottrell:

On April 5, 2002, The Berkshire Gas Company ("Berkshire") submitted a Gas Portfolio Optimization Agreement ("Optimization Agreement") and a Gas Sales and Purchase Agreement ("Purchase Agreement") each with BP Energy Company ("BP") to the Department for approval pursuant to G.L. c. 164, §§76 and 94A. In an Order dated September 30, 2002, the Department approved the Optimization Agreement and Purchase Agreement subject to the condition that Berkshire provide a report at the end of each year of the two year term of the agreements. The initial year of the term of the Optimization Agreement and the Purchase Agreement ended on March 31, 2003. Berkshire is working with BP to complete the tracking and allocation of transactions that resulted in optimization savings for the last month of the initial year of the term as well as completing an annual review of all transactions completed in the first year of such term. As noted in the evidentiary hearings in DTE 02-19, Berkshire and BP implemented an enhanced process that relied upon actual allocations, rather than estimates and later adjustments, in order to track and allocate savings. As was noted, this procedure generally takes at least 60 days from the end of each month to close out a particular month. Berkshire, in turn, anticipates being able to complete its report summarizing these processes and results by June 16, 2003. Importantly, Berkshire is pleased to be able to report that optimization savings from the 12 month period ending March 31, 2003 were higher than those achieved during the initial one year term of similar agreements approved in DTE 01-41.

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
June 6, 2003  
Page 2

Please contact me if you have any questions with respect to this matter.

Thank you for your consideration.

Very truly yours,

BROWN RUDNICK BERLACK ISRAELS LLP

By: \_\_\_\_\_  
James M. Avery

JMA/cdw

cc: Service List

Karen L. Zink, Vice President and General Manager

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